

ABSTRACT OF THE DISCLOSURE

A method of providing adjustable rate usage-based billing for data services establishes an initial level billing rate based on customer estimates of usage and rates established by the provider based on the location of customer sites within predetermined geographic zones and levels of service intended to be used between those customer site pairs. The initial level billing rate is typically monthly, and is maintained during a predetermined level billing period. Upon expiration of the level billing period, the actual average usage on a monthly basis is calculated and compared to the level billing rate. If the absolute value of the percentage difference between them does not exceed a predetermined maximum adjustment, then the level billing rate for the next level billing period is set equal to the computed average of actual use during the just ended level billing period. If the maximum adjust is exceeded, the new level billing rate is capped at the maximum adjust percentage for the next level billing period. A carryover is provided by which whatever amount of increase or decrease is not covered by the maximum adjustment is carried over to the next level billing period, and is carried until it is finally recovered by either the customer or the provider, depending upon to which party the carryover has been accruing. This billing method is particularly useful in networks such as Multi-protocol Label Switching (MPLS), which provide the customer a certain amount of bandwidth for access to the network, but for which bandwidth is not pre-allocated to specific connections.